



City of Scottsdale City Council Budget Subcommittee Citizen Budget Forums

February 4, 2004 – La Mirada Center
February 12, 2004 – Community Design Studio
February 18, 2004 – Via Linda Senior Center

All Forums run from 6:30 PM to 8:30 PM


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2/1/04



What is the purpose of the Citizen Budget Forums?

To gather public input and gain a clearer sense of your priorities for the proposed Fiscal Year 2004/05 budget

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Service Areas funded by the General Fund (unless noted)

- Service Areas
 - #1 – Public Safety Services
 - #2 – City Planning & Code Enforcement Services
 - #3 – Transportation and Utility Services*
 - #4 – Leisure, Cultural and Human Services
 - #5 – Administrative and Central Support Services

* Funded by a non-General Fund source

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Mission of the Budget Process

- To help policy makers (i.e., City Council) make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process.

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Who are typical Stakeholders?

Citizens	Businesses	Elected Officials
Management	Employees	Employee Groups
Other Governments	Media	Bondholders

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Mayor and City Council's Broad Goals

- Neighborhoods
- Preservation
- Transportation
- Economy
- Fiscal and Resource Management
- Open and Responsive Government

Source: Page v of the City's FY 2003/04 budget, Volume One

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Why do we prepare a budget?

- Arizona state law requires that we adopt a balanced budget
- City Charter requires City Council to adopt a budget annually
- Mgmt tool - control and monitor spending
- Promotes accountability to citizens
- Bond rating agencies like to see a fiscal plan
- Establishes priorities (never enough money to do it all!)

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Governmental Fund Accounting Basics-Fund Types

- General Fund (most discretion)
- Special Revenue Funds
- Debt Service Funds
- Enterprise Funds
- Internal Service Funds
- Capital Improvements Funds

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General Fund

- General operating fund of the City
- Accounts for the resources devoted to finance the services traditionally associated with local government such as the following:
 - police and fire protection
 - parks and recreation
 - planning and economic development
 - general administration of the City
 - any other activity for which a separate fund is not required by an external funding source or law

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Special Revenue Funds

(Restricted Uses)

- Used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes
- The City maintains four Special Revenue Funds:
 - Highway User Revenue Tax
 - Transportation Privilege (sales) Tax
 - Preserve Privilege (sales) Tax
 - Special Programs (grants, donations, contributions, IGAs, confiscated, etc.)

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Debt Service Funds

(Restricted Use)

- Used to account for the accumulation of resources and the payment of general long-term debt principal and interest not serviced by the Enterprise Funds
- Secondary portion of Property Tax legally restricted for debt service payments

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Enterprise Funds

(Restricted Uses)

- Used to account for operations, including fixed assets and debt service, that are financed and operated similar to private businesses - where the intent is that costs of services are entirely or predominantly supported by user charges
- The City maintains three Enterprise Funds:
 - Water and Sewer
 - Solid Waste
 - Aviation

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Internal Service Funds

(Restricted Uses)

- Used to account for the financing, on a cost reimbursement basis, for commodities or services provided by one department for the benefit of other departments within the City
- The City maintains two Internal Service Funds:
 - Fleet Management
 - Self-Insurance

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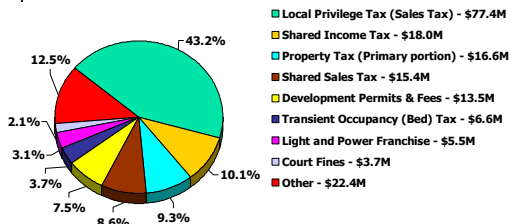
Capital Improvement Funds

(Restricted Uses)

- Used to account for financial resources to be used for the acquisition or construction of major capital facilities, except those financed by Enterprise Funds
- City maintains several Capital Project funding sources and uses, which are detailed in the Capital Budget and Capital Improvement Plan
- Bond 2000 proceeds used to fund non-Enterprise Fund projects

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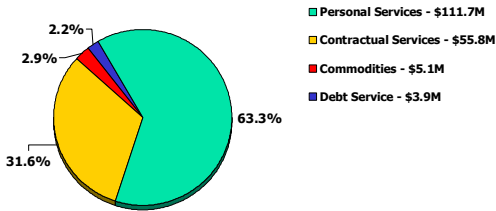
General Fund – FY 2003/04 Adopted Revenue Budget



Source: Page 26 of the City's FY 2003/04 budget, Volume One

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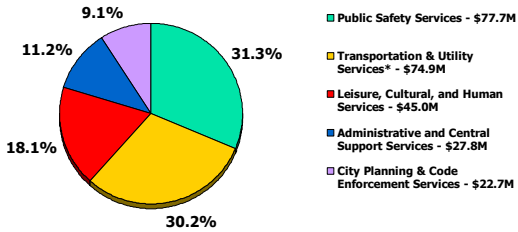
General Fund – FY 2003/04 Adopted Expenditure Budget



Source: Page 27 of the City's FY 2003/04 budget, Volume One

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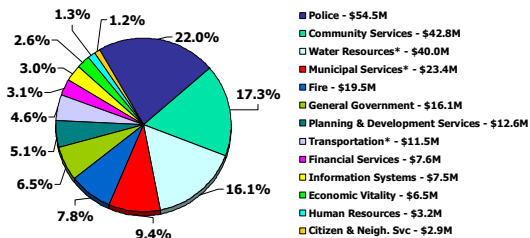
FY 2003/04 Adopted Expenditure Budget - By Service Area \$248M



* Funded by a non-General Fund source

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FY 2003/04 Adopted Expenditure Budget – By Department \$248M



* Funded by a non-General Fund source

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Major FY 2004/05 Cost Drivers and Issues

- Retirement Costs
- Fire Transition Costs
- State Shared Revenues
- Overall Economic Recovery
- Maintain High Quality Service Levels

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What is a Program Budget?

- "A budget that provides expenditures and revenues by functional or programmatic area."

Source: "An Elected Officials Guide to Performance Measures" published by the GFOA

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What is a Program?

- "A group of related activities (i.e., services) performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible. Additionally, each program has a specific purpose and intended outcome."

Source: "The Best of Government Budgeting" published by the GFOA

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Key FY 2004/05 Budget Dates

- Tonight Gather public input
- March City Manager releases Proposed FY 2004/05 Budget
- March/April Subcommittee Work Sessions
- May 3 Subcommittee reports to City Council
- May 4 1st Budget Hearing
- May 17 2nd Budget Hearing (Tentative Adoption)
- June 8 3rd Budget Hearing (Final Adoption)
- July 1 FY 2004/05 Budget Implemented

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The Budget Prioritization Process

- Set-up by service areas
- The service areas are supported by a:
 - Facilitator
 - Executive Staff or Dept Head
 - Note Taker
- Each service area is set-up with a chair reserved for a City Council member

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The Budget Prioritization Exercise

- Overview of programs by Dept head
- Consists of five prioritization questions
- Group discusses the questions
- Individual responds to the questions
- *No right or wrong answers – just your priorities!*


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Citizen Budget Prioritization Exercise: Program Priorities within Service Area

- **Question 1:** For your service area, indicate your three highest-priority programs.
- **Question 2:** For your service area, indicate your three lowest priority programs.

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Citizen Budget Prioritization Exercise: Expenditure Reductions/Revenue Increases

- **Question 3:** In difficult economic times would you prefer the City respond by: (a) reducing the budget and related services, (b) looking for more revenue or (c) both
- **Question 4:** If looking for more revenue is your response to addressing community needs and priorities, where do you think the money should come from (i.e., sales tax, property tax, user fees, service charges, etc.)?

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Citizen Budget Prioritization Exercise: Citywide Cost Reductions

- **Question 5:** Do you have any cost reduction ideas for any programs or services offered by the city?

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Follow-up

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